Chapter

4

LIVABLE COMMUNITIES HANDBOOK

Land Use and Design Strategies for the South Bay Cities

Implementation Tools

This section describes tools for implementing livable communities land use strategies and design principles in the South Bay. The tools are organized into four groups: flexible parking requirements, developer incentive programs, zoning and the permitting process, and financing options. These tools were developed through a survey of other cities in the Western U.S., interviews with planners in South Bay cities and developers working in and around the subregion, and a review of livable communities literature. In addition to a description of the individual tools, examples are provided that show how the tools have been used successfully in areas like the South Bay.

4.1 FLEXIBLE PARKING REQUIREMENTS

Every developer interviewed agreed that flexibility on parking requirements is the most important thing that South Bay cities can do to encourage infill and mixed use development. Compared to similar West Coast cities, parking requirements in the South Bay subregion are generally high. These requirements may be appropriate in some cases given the high level of automobile use. However, by rigidly enforcing high minimum parking requirements, cities may discourage development that contributes to livable communities goals. This section describes ways that cities can offer more flexibility on parking requirements while still maintaining an adequate parking supply.

High, inflexible minimum parking requirements run counter to the goals of livable communities. Most importantly, they raise the cost of development substantially and thus discourage new infill building. They also hinder the re-use of older buildings in historic districts as these typically have parking below current requirements. This can prevent the realization of higher densities that are critical to the success of commercial activity nodes. Large surface parking lots create an urban form that is unattractive to pedestrians and transit users. Finally, excessive parking can have adverse environmental consequences, such as increased storm water runoff and higher temperatures ("urban heat island").

Minimum parking requirements are often enforced as if they are based on rigorous scientific research. Yet cities typically report that they obtain their parking requirements either by copying other cities or from ITE publications (Shoup, 1999a). The parking ratios published by ITE are often estimated from a few surveys conducted in widely differing communities around the country. For example, these surveys may be performed in low density, suburban areas with little or no transit service, where all parking is free and where a single land use dominates. When these ratios are applied in areas of moderate density with transit service, pedestrian activity, and some degree of land use mixing, developers may be forced to build an oversupply of parking.

In addition, retail parking ratios are usually set to meet the demand during the busiest shopping days of the year around the holidays. This creates an oversupply of parking for the other 350 days. A better option is to use strategies such as shared parking,

overflow lots and demand management to accommodate parking during holiday seasons, and to build a supply that more closely matches typical demand. Specific examples of flexible parking strategies are described in more detail below.

4.1.1 Reduce Parking Requirement for Incidental Uses

Small eating and drinking establishments are an important component of a vital, pedestrian-friendly commercial district. These establishments are usually not the primary destination of patrons, but rather serve as an "incidental" stop on the way to or from another activity. Small eating and drinking places, therefore, do not typically require the same ratio of parking as other restaurants. Cities should reduce the parking requirements for these uses.

In **Redondo Beach**, restaurants under 2000 square feet in the pedestrian destination zones of Riviera Village and parts of Artesia Boulevard are permitted to be parked as retail. This has had a real benefit as a long-vacant bank building was recently reoccupied. The theory is that each small restaurant doesn't need its own parking as a shopper typically visits more than one establishment at a time. Some other cities require no parking at all for small food establishments.

4.1.2 Reduce Parking Requirement for Intensification of Older Buildings

Cities that are trying to revitalize older areas may find it difficult to both preserve historic buildings and ensure adequate parking. In some areas, older buildings leave little room for new off-street parking lots. If these parcels are recycled to more intense retail uses, developers may need to demolish some or all of the older buildings in order to provide code-required parking. Cities should reduce the parking requirements for the intensification of older buildings.

According to John Given of the CIM Group, inflexible parking requirements can break an otherwise attractive project for developers. Requiring lots of on-site parking in an older area may necessitate purchasing more land, rearranging the site layout, and a longer EIR process. If it doesn't kill a project, it will definitely affect its quality. This applies to both new buildings on vacant parcels and to the reuse of older structures.

The City of **Emeryville** requires only 1 parking space per 1000 square feet of existing floor space for any use in their old warehouse district. For new floor space in the district, the city applies the standard parking requirement of 3 spaces per 1000 square feet.

Inglewood also uses this strategy for certain buildings in their downtown. When new uses are proposed for older buildings, the city may waive parking requirements if the

site lacks off-street parking.

Hermosa Beach's off-street parking code reduces the amount of required parking by 35 percent in the downtown area. Downtown projects under 10,000 square feet and under a 1.0 floor area ratio (FAR) do not have to provide parking. If the FAR is higher than 1.0, only the amount over that number is considered in calculating required parking.

4.1.3 Reduce Parking Requirement for Affordable Housing

Parking requirements for affordable housing are typically the same as for market rate projects. The residents of affordable housing, whether seniors, singles or families living on modest incomes, frequently cannot afford as many cars as others. Locating affordable housing projects in livable communities helps these tenants by making services, including transit, readily available. It is therefore possible to lower the amount of required parking for affordable housing projects in livable community areas and thereby to greatly reduce building costs.

4.1.4 Shared Parking

Shared parking occurs when two or more uses share the same parking spaces. By taking into account differing peak parking demands, shared parking areas reduce the total number of spaces required compared with simply adding together the parking requirements of each individual land use. Shared parking programs can encourage mixed use development by reducing its cost. It also reduces the land area devoted to parking, which can allow more open space and/or higher density development.

Many cities allow shared parking for uses with peaking characteristics that are obviously complementary, such as a church and office. However, most cities do not allow shared parking without a formal study and review, and developers view this "red tape" as a strong disincentive. If shared parking programs are codified and made clear to potential developers, they can be a tool to further livable communities strategies.

Developers will often pay for a parking study in order to justify a reduced need for parking at a mixed use development. Jonathan Tolkin of The Tolkin Group indicated that, in a mixed use project, it is often possible to show a reduced parking need with such a study. These studies, however, take time and money, and if they end up being scrutinized by project opponents they may be rejected. Cities can codify shared parking standards for mixed use projects so developers know what to expect. In that way developers do not have to pay for a parking study. For **Manhattan Beach's** Metlox development, the city paid for the parking study and found a need for roughly two spaces per 1,000 square feet, or about one-half what would have been required under the city code.

El Segundo is currently developing a Downtown Specific Plan aimed for adoption in fall 2000. The goals are pedestrian activity and more locally serving shops with longer hours such as restaurants. One key will be to provide developers with more flexibility. The city recognizes that parking is the biggest barrier to downtown development. Many lots are quite narrow and present a physical barrier to constructing parking. El Segundo currently permits shared parking with no cap (the cap was formerly 50%). There is also no limit on the distance for offsite parking other than what is "reasonable" (the limit used to be 300 feet). Shared use has only been used a couple of times – at Continental Park, a big development with offices and theaters, and at the new office/skating rink development. On smaller projects, the barrier seems to be that the city requires that a covenant be recorded, and lending institutions balk because a covenant runs with the land.

Land uses considered to have the highest potential for shared parking include churches, offices, schools, restaurants and movieplexes. Retail, banks and public parks can also participate in shared use arrangements. To formalize a shared parking program, cities specify the percent of parking demand for each land use and time period. Many cities rely on the Urban Land Institute's *Shared Parking* report, though local information is preferred.

Scottsdale, Arizona has established a shared parking program that is clearly spelled out in city code. The ordinance specifies the percentage of parking occupancy for each land use by time of day periods. By describing the program in clear terms, developers can easily estimate the amount of shared parking they can expect from other uses and reduce their new parking accordingly.

4.1.5 Count On-Street Parking Towards Meeting Parking Requirements

Most cities do not allow builders to count on-street parking next to a site when meeting the parking requirement. While the number of spaces is typically small, this simple strategy can reduce the need to build new off-street parking spaces.

Under the Hawthorne Boulevard Specific Plan, the City of Lawndale allows businesses to count on-street parking within 200 feet of a parcel toward their parking requirement in certain districts.

4.1.6 Charge Parking Impact Fee In Lieu of New Spaces

Requiring developers to build their own parking facility on urban infill sites may kill a promising project or at least significantly affect the design. In older downtowns and busier activity nodes, cities should allow developers to contribute a parking impact fee in lieu of providing on site parking spaces. If development pressures are high, cities

should require parking impact fees. Cities can then use these funds to construct a public parking garage.

A parking garage allows cities to create a better pedestrian environment and more attractive commercial center. Public parking is also more efficient since it is shared by multiple uses with differing peak demand times. Several of the South Bay Cities currently allow this option. The price per space depends on local land values and should be set at a competitive rate that does not deter developers but still earns a fair price. In-lieu parking fees vary considerably. The City of **Hermosa Beach** requires an in-lieu parking fee of $6,000 per space (Shoup 1999b). In **Manhattan Beach** new developments have to pay a $19,000 per space or provide parking for projects over a 1:1 FAR. In this case, it may be cheaper to provide parking on site.

Avi Brosh of Braemar Homes and Bill Watt of Baywood Development emphasized in interviews that the amount of required parking is a big factor in developer decisions. They agree that cities can help a lot by building public parking structures or by doing other creative things like permitting tandem parking. When a city builds a public garage and charges developers in lieu parking fees, the city in effect becomes a developer with a strong incentive to see the area further improved.

Under **Lawndale's** Hawthorne Boulevard Specific Plan for Hawthorne, Artesia and Redondo Beach Boulevards, developers of small parcels are permitted to contribute to an in-lieu parking fund instead of building all of the required parking. Adjacent on street parking can also be counted toward the parking requirement for both small parcel and other projects.

Gardena has established an in-lieu parking district on Gardena Boulevard between Vermont Avenue and Normandie Avenue in order to facilitate development of their downtown area. **Lomita** will allow reduced parking requirements in conjunction with public parking.

4.1.7 Allow Tandem Parking

Most cities require that new residential parking facilities be arranged in the same way as commercial parking, with direct access to each individual space. Cities should allow housing developers the option of providing tandem parking for residents. As described in Section 2.3.4, tandem parking means two cars are parked end-to-end. If two spaces are provided per unit, arranging these spaces in tandem can reduce the size and cost of a parking structure, and thus encourage residential development.

4.1.8 Residential Permit Parking

The greatest obstacle to more city flexibility on parking may be the concerns of neighboring residents. If drivers must park in a garage or pay a parking fee, some will inevitably try to park on neighboring residential streets. One solution is a residential

parking program. On residential streets, residents are issued permits for on-street parking; all others are only allowed short term parking. This strategy is commonly used to mitigate the impacts of vital commercial districts on surrounding residential areas.

4.1.9 Set Parking Maximums

In addition to minimum parking requirements, some cities set parking maximums in pedestrian-oriented areas. A parking maximum prevents the building of an oversupply of parking that is not needed and may detract from the pedestrian orientation of the area.

Bellevue, Washington sets both a minimum and maximum parking requirement for 16 different land use categories. **Albuquerque** sets maximum parking ratios by land use. Developers are allowed to exceed the maximum only if they provide outdoor patios for dining, residential units over commercial space, or a parking structure.

4.2 DEVELOPER INCENTIVE PROGRAMS

While cities can use public monies to invest in livable communities, the bulk of change will come at the hands of private developers. The challenge for cities is to encourage private investment while ensuring that new development is contributing to goals of the community. In many parts of the South Bay, development pressures are not strong enough to permit cities to dictate the design and use of new buildings. In these cases, cities may need to use some form of incentive to encourage and shape development. There are a variety of developer incentive programs used by local governments, both monetary and non-monetary. Monetary incentives include reductions in development fees. Non-monetary incentives include density bonuses and parcel assembly.

Because of the many uncertainties involved in project development, many developers behave in a way that appears to planners as overly risk averse. But these uncertainties are real. Developers face financial risks associated with securing financing, interest rates, construction costs, etc. Market risks result from fluctuations in the demand for housing or commercial space. And there are political risks associated with the permitting process that can block a project or significantly alter its profitability. Thus, all else being equal, developers prefer to build in a market with certain demand, in a style that minimizes costs and uncertainty, and in a jurisdiction where the outcome can be predicted. These factors challenge planners trying to transform communities from the status quo.

4.2.1 Reducing Developer Fees

Cities can reduce the fees charged to developers as a way to help meet land use and design objectives. Many cities reduce development fees to attract certain types of

development, usually those that promise high tax revenue. This mechanism can also be applied to development that supports livable communities objectives. Cities can establish a policy that reduces fees by a specified amount for developers that meet certain criteria. These criteria could include building in a specified location (such as a redevelopment area), building a specified use (such as housing), or building in a specified style (such as providing pedestrian amenities). The size of the reduction could vary depending on the size and cost of the developer action.

While this option has been used successfully to promote livable communities, it is probably not feasible for many cities in South Bay. Voter initiatives have sharply limited municipal revenue sources in California, and many local governments cannot afford to forego permit fees. Many developers recognize this as well, and know that permitting fees help pay for the cost of the city planning process. Some have even suggested that reducing permitting fees might provoke a political backlash if the developer is viewed as the recipient of special treatment.

Although developers often complain about the high fees required for building in California, many of those fees are administered by the county or school district, and are beyond the control of cities. Reducing city permit fees in the South Bay is unlikely to make a difference in attracting development to a site in most cases. Fee reductions, however, could help to shape the design of a project, and some cities outside the South Bay are currently using this option.

Developers in **Austin, Texas** have the option of using the city's Smart Growth Criteria Matrix to score their projects based on defined land use and design goals. The criteria include proximity to transit, economic conditions of the neighborhood, land use mix, urban design and streetscape treatments. Development fees can be reduced depending on the project's score. For projects that score very high, the city may pay for some development costs such as infrastructure improvements.

Sacramento offers a package of incentives to promote infill housing downtown. Residential infill projects can qualify for a waiver of the water development fee and a reduction in planning entitlement fees of 25 percent. **Culver City** will reimburse some permit fees for developers who build desired uses in a redevelopment area. While many of the desired uses offer high tax revenues, others are pedestrian-oriented retail, outdoor dining, and neighborhood-oriented services.

4.2.2 Density Bonuses

A density bonus allows developers to build at a higher density than otherwise allowed in exchange for meeting criteria specified by the city. These criteria can include providing certain amenities or building space for certain uses. In California, state law currently requires that cities grant a 25 percent density bonus for low income and senior housing.

Cities can encourage mixed use development by granting a density bonus for commercial projects that include residential space. Density bonuses can also be used to encourage pedestrian amenities. Builders in designated pedestrian-oriented areas are thereby allowed higher density in exchange for including such features as public plazas, fountains, pedestrian arcades or public restrooms. In **Lawndale**, for example, the Hawthorne Boulevard Specific Plan allows for a 20% increase in FAR and a 10% reduction in parking requirements for projects that provide amenities such as public plazas or pedestrian linkages.

For developers, a density bonus can make a project more profitable. It will be effective in areas where builders are constrained by the existing density limits. A density bonus will have little impact if current development is not reaching the city's FAR limits.

Interviews with developers suggest that while density bonuses can make a difference, they will not have much impact in some parts of the South Bay. One reason is that a density bonus may result in a project that is objectionable to neighboring residents. Most commercial areas in the subregion are low to medium density, with no more than three or four stories. Developers must be careful not to propose a project that is out of character with this form. Some developers also feel that density bonuses can actually exacerbate parking problems. Additional floor area will require additional parking, and this can be very difficult and expensive on an infill site surrounded by built-out parcels.

When looking at an infill housing project, according to Avi Brosh of Braemar Homes, developers of the 1800 PCH project in **Redondo Beach**, the allowed density of a site determines how much housing can be built and therefore how much profit can be made. However, he feels that density bonuses are really not going to accomplish much in the South Bay. Developers are going to build with wood, which means no more than four stories, and in the South Bay, buildings can't be more than three or four stories without being out of character in the neighborhood.

A number of cities currently have density bonus policies to promote housing and commercial mixed use. **Santa Monica** allows downtown developers to reduce residential space by 50 percent for the purpose of calculating project density, thus allowing more residential space to be built within existing density limits. **Scottsdale, Arizona** offers a density bonus for downtown projects that include residential space. A project is allowed a bonus floor area equal to the area of residential space, up to a maximum bonus of 0.5 FAR.

Other cities have density bonuses to promote pedestrian design. For example, **Bellevue, Washington** has a FAR amenity incentive system in which the amount of bonus is based on the size of the amenity provided. A density bonus can be awarded for pedestrian-oriented frontage, an arcade, a marquee, an awning, a sculpture, a water feature, an active recreation area, or a plaza. A schedule in the zoning code defines how much bonus is awarded for each amenity type.

4.2.3 Parcel Assembly

Lot sizes in older commercial areas are frequently smaller than required by new projects, either commercial or residential. Cities with redevelopment areas can aid new development by assembling parcels into larger lots and then selling these parcels to developers. The direct involvement of a city in a project through parcel assembly also gives that community a lot of leverage to define the project to ensure it meets livable goals. If cities cannot assemble parcels themselves, they can provide incentives for developers to do so.

Developer Allen McKenzie of MAR Ventures believes that the second most important thing cities can do (after environmental review) is parcel assembly. If cities can assemble parcels under different ownership, it saves the developer a great deal of time and hassle. This is particularly important in the South Bay, where there aren't a lot of large contiguous parcels. Cities that put together a whole package of land and entitlements for developers will always win out, all else being equal. According to Mr. McKenzie, **Culver City** does a good job of this, and **Long Beach** is pretty good too. The South Bay cities generally are not good at this.

Bill Watt of Baywood Development emphasizes that many of the available South Bay sites are too small to make it worthwhile to do a residential project, especially with parking and open space requirements. If there's a large site, it probably has a problem such as contamination. So the most important thing cities can do is assemble small sites and make them available for developers. There are plenty of developers out there looking for opportunities. The problem is that there aren't many.

El Segundo offers bonuses for lot consolidation in part of the Smokey Hollow light industrial area. Developers that satisfy specified consolidation criteria may receive a parking requirement reduction of up to 15%, an increased height limit up to 15 feet, and up to a 100% reduction in business license fees.

4.3 ZONING AND THE PERMITTING PROCESS

Zoning and the permitting process are the primary means through which planners can influence urban form. In some cities, livable communities concepts are viewed favorably by both local residents and elected officials. The zoning code and project approval process may, however, still discourage livable communities. Several strategies to change this are described below.

4.3.1 Mixed-Use Zoning

A mix of housing and commercial land uses is one of the primary objectives of livable communities efforts. Mixed land uses can reduce automobile trips by bringing

residents and shopping/working destinations within walking distance. Perhaps more importantly, mixed use projects can instill a sense of community in neighborhoods that are otherwise simply shopping or office destinations. Neighborhoods that would otherwise be vacant on weekends or evenings can become vital, multi-use activity centers.

Technically, mixed use refers to any mixing of different land uses, even retail and industrial. In the context of livable communities, however, mixed use means residential mixed with commercial. In denser areas, vertical mixed use is possible, such as apartments over ground floor retail. Less dense areas are more likely to see horizontal mixed use, such as housing behind or beside commercial space.

All cities should define specific pedestrian-oriented activity nodes and allow residential/commercial mixed use projects in these areas. A number of developers feel that the market for mixed use is strong in the South Bay, but is currently being hindered by outdated city codes. The amount of residential space allowed by a city, while varying to reflect the character of a neighborhood, should be large enough to attract builders. For example, a single-unit caretaker flat over commercial space will not attract much developer interest.

As described in Chapter 2, a number of the South Bay cities do allow mixed use development, including **Redondo Beach, Manhattan Beach, Inglewood, Carson, Lomita** and **Torrance**. In **Torrance**, for example, the Hawthorne Boulevard Specific Plan allows mixed use in most of that corridor. In the Del Amo District, stand alone multi-family housing is also allowed at a minimum of 27 dwelling units per acre, as well as stand alone senior housing. This area includes a variety of retail and office uses within walking distance.

While many South Bay cities allow mixed use, they usually require a conditional use permit for approval, even when commercial projects of the same size are allowed by right. Developers typically find this requirement to be a significant disincentive to build mixed use since it lengthens the approval process considerably, increases costs, and adds uncertainty to the outcome. Cities that want to promote residential/ commercial mixed use should create zones in which it is allowed by right.

For projects in designated pedestrian-oriented activity nodes, cities can go further by requiring ground-level retail in residential projects. Exceptions can be granted through a conditional use permit. For example, **Huntington Beach** requires that residential projects in its core downtown area have ground-level retail.

Opposition to mixed use often stems from concerns about parking, neighboring property values, or the incompatibility of residential and commercial uses. A number of recent mixed use projects in the South Bay Cities and neighboring areas show how these concerns can be overcome. Parking flexibility is an important part of promoting mixed-use, and some strategies are suggested in Section 2.3.4. In a successful recent mixed use project in **Brea**, residents park in a public garage across the street from the

apartments.

Many recent mixed use projects have proven to be valuable neighborhood assets. Attention to project design can go a long way to reducing any conflicts between residential and commercial uses, such as placement of loading docks and provision of separate parking areas for residents.

Another common conception is that rental units decrease the desirability and value of neighborhoods. While this is arguable, residential units in mixed use projects don't necessarily have to be rental. For example, the 1800 PCH project in **Redondo Beach** features 3- and 4-bedroom condominiums over ground level retail and parking.

4.3.2 Live-Work Ordinances

Cities can encourage the development of housing in older commercial and light industrial areas by adopting a Live-Work Ordinance. Under California law, cities may adopt alternative building regulations for the conversion of commercial and industrial buildings to a new class of occupancy called "joint living and working quarters." **Los Angeles, Long Beach, Pomona** and **San Diego** all have such ordinances.

Without a Live-Work Ordinance, developers interested in rehabilitating older commercial buildings with housing units must go through a lengthy and uncertain process of applying for an entire set of individual building code modifications. By updating several city codes, cities can reduce the regulatory burden and cost for developers considerably. The first step is the adoption of a Building Code Modification Ordinance to create a new Live/Work Occupancy category. This allows the combination of living and working activities in one space without the occupancy separation required by most building codes. The success of live/work space is based on flexible overlay of living and working quarters, and cannot work if the small living quarters portion of the unit must be fully separated from the working space by a fire-rated partition. Fire safety concerns have been addressed in other cities by prohibiting certain hazardous activities and possibly requiring the installation of new fire sprinkler systems.

Modifying other city regulations will also help to encourage the conversion of older commercial and industrial buildings into live/work space. For example, cities may wish to allow a change of occupancy without triggering the full seismic, sound and energy insulation standards that normally accompany new residential units. Development fees and parking requirements may also need to be restructured, if it can be shown that live/work occupants do not impose the same burden on city services as typical households.

4.3.3 Design Review

Design review can help ensure that new projects further the goals of livable

communities through architecture, site design, pedestrian access, etc. While all cities conduct some kind of project review, many cities do not have the resources to implement a formal design review process. All cities should, however, provide developers some guidance as to what design features are favored. This is best done by issuing design review guidelines. These guidelines do not need to be elaborate or complex – they merely state and illustrate design principles that are usually already known and promoted by the city's planners. Providing design guidelines, and using them as the basis for project review will help to ensure that issues like pedestrian access, street frontage, parking lot design, façade treatment and signage are considered in every project review. They do not have to lengthen the project review process nor add another layer of review. In fact, developers will benefit if the city makes its design preferences clear as early as possible in the review process.

Manhattan Beach has developed preliminary guidelines for arterials to encourage the sharing of access points and to push development to the street. The city believes that arterials should not be just "pipelines" of traffic moving through and that Sepulveda Boulevard should not just be a fence between the east and west sides of the city. Ironically, the issue for **Manhattan Beach's** downtown is one of perhaps too much livable communities success. Too much regional appeal and the area loses its community focus.

In **Manhattan Beach**, the Downtown Design Guidelines are intended to preserve and enhance the pedestrian orientation. They're not codified but are rather used as part of the review process. Mixed use is permitted but is not defined. Developers want to build housing downtown because of the market, but the city wants to discourage too much. Ground floor office is also permitted, but is most acceptable along downtown's edges nearer housing. The city doesn't want too many restaurants because of the parking issues. There is also a CBD Business Improvement District (BID). The permit threshold for a use permit is very low – commercial use over 2,200 square feet or any housing.

4.3.4 Master EIR

Cities can create a Master Environmental Impact Report (EIR) for the city, for a specific plan or for a group of policy changes. A Master EIR is used to evaluate all the environmental impacts of the plan or policies and recommend mitigation measures. Once this review is complete, specific projects that fall under the plan or policies can many times proceed with minimal or no additional environmental review. At a minimum, a Master EIR defines the baseline for environmental analysis. This reduces time, costs and risks for developers. For example, recent Old Downtown **Torrance** mixed use projects have been completed under a Master EIR created for this redevelopment district.

According to Allen McKenzie of MAR Ventures, the **Old Torrance** project was possible because the city had a redevelopment plan in place with environmental review.

No separate EIR was therefore needed. This is very important if the goal is to get developers to build a project that has any degree of uncertainty. In the case of **Old Torrance**, it was not that the project was contentious, but that it was complicated. Because the city had the entitlements in place from the start, the development was able to proceed. If the developer has to do all the entitlements, there's going to have to be a pretty strong incentive to build.

4.3.5 Streamlined Permitting

Cities that want to encourage new development in targeted areas can streamline the permitting process for projects that meet specified review criteria. A shorter permitting process means less time, lower costs and fewer risks for developers. Once a city has agreed upon factors such as use, density and design, it can encourage development by expediting project approval.

Emeryville, California has proposed such a process for redevelopment of an older light industrial district. Projects that comply with all district regulations can be granted "Rapid Approval" by planning staff. Projects that comply with substantially all district regulations or propose higher densities can be granted "Fast Track Approval" by the Planning Director. Projects that do not substantially meet district regulations need Planning Commission approval.

4.4 FINANCING OPTIONS

There are many funding sources for livable communities initiatives. Some of the readily available sources are detailed below. Many projects are supported by funds from a number of different sources, including public-private partnerships. It is therefore advisable to look at all possible funding sources when trying to gather the funds for a project.

4.4.1 General Fund

General funds are typically used to pay for current expenses. The use of these funds to pay for livable communities efforts can be rationalized if the project is projected to increase revenues over time. General funds therefore can become a tool for local governments that wish to use part of their resources to invest in the future.

4.4.2 Bonds

Both revenue and general obligation bonds can be used to finance capital improvements. Revenue bonds are the easiest as these are issued to fund projects that will generate income to pay off all or part of the bond debt. These bonds can be used to pay for central parking lots, affordable housing and civic centers (where the payback

is the reduction in rent). General obligation bonds typically require a property tax increase that must be approved by two-thirds of the voters, and are therefore more difficult to use. They most commonly fund capital improvements that do not generate revenue.

4.4.3 Community Development Block Grants (CDBG)

CDBG funds are distributed by the federal government to every local government willing to accept them. These funds are distributed according to a formula that includes housing age, population, poverty and overcrowding. The list of eligible activities is broad, but all expenditures must meet one of the three objectives: 1) benefit low and moderate income persons, 2) prevent or eliminate slum or blight or 3) address an urgent need such as a federally declared disaster.

One of the eligible activities is neighborhood revitalization. Communities with HUD-approved Neighborhood Revitalization Strategies have enhanced flexibility in using their funds for economic development and less of an administrative burden. For example, scattered-site housing units may be tracked as a single structure, thereby permitting greater leeway in applying the low/moderate income criteria. Another example is that businesses that receive such assistance are not required to track the income of job applicants.

Every local government must submit an Annual Action Plan to the Department of Housing and Urban Development (HUD) indicating the general direction or strategy they will utilize in spending CDBG funds. HUD responds only if there is a problem with the Action Plan. Other HUD programs may also prove useful, such as the Home Investment Partnership (HOME), Housing Opportunities for People with AIDS (HOPWA) and Emergency Shelter Grants (ESG). There is also a federal Low Income Tax Credit Program. The California Department of Housing and Community Development (HCD) administers Federal housing assistance programs in the state.

Santa Monica used CDBG funds to purchase land to increase the size of a park in a qualifying neighborhood. **El Monte** and **West Hollywood** used CDBG funds for storefront façade improvements. **Rancho Cucamonga** used HCD funds for building rehabilitation, sidewalks and streetlights.

4.4.4 Historic Preservation Tax Credits

The federal government offers a 20 percent tax credit for the rehabilitation of qualifying buildings of historic significance. These tax credits can be used for both individual buildings and Historic Districts. Many eligible historic areas are in or near downtowns, and therefore likely candidates for livable communities initiatives. The rehabilitation must follow the Secretary of the Interior's Standards. The California

Office of Historic Preservation (SHPO) acts as the agent for the federal Department of Interior for projects within the state and also oversees state programs. SHPO places special emphasis on ethnic and cultural resources, affordable housing and seismic retrofit. Local governments that meet specific criteria can apply for Certified Local Government status, enabling them to apply for special federal funds.

Pomona has established a mixed use Historic District as part of its Downtown Pomona Specific Plan. The Pritikin headquarters in **Santa Monica**, built in 1924, was recently restored and returned to its original name and use as the Casa del Mar Hotel.

Information: California Office of Historic Preservation, http://ohp.cal-parks.ca.gov

4.4.5 Main Street Program

The Main Street Program is a self-help program founded in 1980 by the National Trust for Historic Preservation and supported in California by the state Trade and Commerce Agency. A Main Street Program is designed to improve all aspects of a downtown or central business district, particularly for communities under 50,000 people. It is locally funded and typically supported by a combination of the city, merchants and other businesses. The key to its success is that it is a local initiative. The "Main Street Approach" organizes a revitalization effort into a four-part framework that includes organization, promotion, design and economic restructuring. There are eight principles ranging from comprehensive and incremental to public/private partnership and quality. The state offers a Training Institute, resource center and on-site technical assistance. Certification as a California Main Street Community is available for those efforts meeting specific criteria.

El Monte is revitalizing its downtown using the Main Street Program. **Ontario** has used the Program to rehabilitate commercial structures and improve facades. **Inglewood** is also a member of the Main Street Program.

Information: National Trust for Historic Preservation, www.mainst.org; California Trade and Commerce Agency, www.commerce.ca.gov/business/select/communities/mainstreet/

4.4.6 Redevelopment Area Tax Increment Financing

Cities can establish redevelopment areas and then use the increased powers and income from these areas for livable communities initiatives. A city must make certain findings to establish a redevelopment area, chiefly that the area is blighted. Once the redevelopment area is established, a city can use redevelopment powers to assemble small parcels into the larger lots that may be needed in today's market. The increased

property tax income is known as the tax increment. Tax increment funds can be used to pay for infrastructure, pedestrian amenities, services and joint development.

Pasadena, Los Angeles, San Jose and **San Francisco** have all used tax increment financing to fund improvements to their downtowns. Santa Monica recently used its redevelopment tax increment to purchase land in its civic center.

4.4.7 Special Assessment and Tax Districts

There are a number of special assessment and tax districts that can be used for livable communities initiatives. These districts must typically be approved by a majority of the affected property owners. Under a special assessment district, property owners pay according to the benefits they receive. One common type of special assessment district is a business improvement district or BID. BIDs are used by merchants and property owners to coordinate their activities to improve and promote their local business area. BIDs can pay for neighborhood improvements, special events, marketing, security and maintenance.

Mello-Roos special tax districts can pay for a single-purpose set of improvements, similar to a BID. Though they are frequently used to finance the infrastructure costs of new development, Mello-Roos districts can also be used to fund amenities such as civic buildings, beautification, infrastructure and pedestrian and bicycle improvements in existing areas. Under Mello-Roos, each parcel owner pays the same tax.

Long Beach has used a Mello-Roos district to revitalize downtown's Pine Avenue into a destination retail and restaurant area.

4.4.8 AB 2766 (Air Pollution Reduction Programs)

California collects a $4 per vehicle registration fee surcharge to fund motor vehicle air pollution reduction programs authorized by, or necessary to implement, the South Coast Air Quality Management Plan or the California Clean Air Act. Thirty percent of the funds from this law, known as AB 2766 after the legislative bill that authorized the surcharge, are set aside and distributed annually through a competitive process by the Mobile Source Air Pollution Reduction Review Committee (MSRC). Another 25 percent is distributed as a local government subvention match. Members of the MSRC are representatives of air quality and transportation agencies. Most of the funds have been granted for alternative fuel vehicle programs. However, funds have also been awarded for livable communities-related programs such as parking management, bicycle programs, multi-modal transportation and land use programs designed to reduce emissions by changing behavioral patterns.

Long Beach obtained AB 2766 funds for a bicycle station at a Blue Line light rail

station. Santa Clarita funded sophisticated bus route signage focused on destinations. Moreno Valley funded Class III bike routes. The MSRC sponsored a large electric vehicle quick charge program.

4.4.9 Transportation Efficiency Act for the 21st Century (TEA-21)

TEA-21 is the reauthorization of ISTEA, the Intermodal Surface Transportation Efficiency Act. TEA-21 funds are allocated to subregional governments by the Southern California Association of Governments (SCAG) and to local governments by the MTA. The MTA funds are allocated through their biennial Call for Projects process. TEA-21 was adopted in June 1998 and authorizes the program through 2003. TEA-21 is similar to ISTEA while increasing the flexibility for the use of the funds. One funding category is the Transportation Enhancement Funds, described below. Bicycle and pedestrian facilities are eligible for funding under several other programs as well, including the National Highway System (NHS), State Transportation Programs (STP) and Congestion Mitigation/Air Quality (CMAQ). There is also a federal Livability Initiative.

4.4.10 Transportation Enhancement Funds

This category of funds is available under the federal Transportation Efficiency Act for the 21st Century. The funds (referred to as Transportation Enhancement Activities, or TEA) may be used for a wide variety of transportation-related capital improvement projects that enhance quality-of-life in or around transportation facilities. Eligible projects include pedestrian and bicycle facilities, provision of safety and educational activities for pedestrians and bicyclists, landscaping and other scenic beautification, and historic preservation. In Los Angeles County, TEA funds are allocated to local governments by the MTA through their biennial Call for Projects process.

Torrance recently used TEA funds for streetscape and pedestrian improvements in the Del Amo Business District. Redondo Beach used the funds to implement a regional bikeway segment. Other cities in the region have used TEA funds for transit station improvements, pedestrian bridges, landscaping, street trees, bikeway signage, pedestrian trails, and town center improvements.

4.4.11 Bicycle Transportation Account

A city can apply for state bicycle facility funds through the California Department of Transportation (Caltrans) Bicycle Transportation Account (BTA), formerly known as the Bicycle Lane Account. In order to apply, a city must have a bicycle transportation plan adopted after July 1, 1996 that complies with Streets and Highways Code Section 891.2 and meets specific criteria. Additionally, the plan must be reviewed and approved by the Los Angeles County Metropolitan Transportation Authority (MTA)

prior to submittal to the Caltrans Bicycle Facilities Unit. BTA funds can be used for both bikeways and bicycle support facilities such as bike stations, racks and lockers. One million dollars is allocated for fiscal year 1999-2000. This figure will rise significantly over the next few years.

San Francisco funded a bike station with BTA funds. **San Dimas** constructed Class II bike lanes and Class III bike routes. **Burbank** paid for Class II bike lanes and bike lockers.

Information: Caltrans, http://svhqsgi4.dot.ca.gov:80/hq/LocalPrograms/bikela.htm

4.4.12 Safe Routes to School Funds

The Safe Routes to School bill was signed into law in October 1999. It redirects a portion of federal transportation safety funds for use in correcting safety problems along pedestrian and/or bicycle routes to schools. The program can fund improvements such as roadway illumination, traffic signs, roadway medians, traffic calming, new bicycle and pedestrian facilities, or upgrades of existing bicycle and pedestrian facilities.

The program will offer approximately $20 million per year through 2002, with a maximum of $500,000 per project. It is intended to demonstrate and evaluate the effectiveness of a permanent Safe Routes to School program. The program will expire in 2002 unless extended by the state legislature. Cities can apply for funding through Caltrans district offices. Caltrans has issued guidelines for the program (see internet address, below). The current schedule calls for Caltrans to accept candidate projects through October 13, 2000.

Information: Caltrans, http://www.dot.ca.gov/hq/LocalPrograms/